

By: Burkett

H.B. No. 2329

A BILL TO BE ENTITLED

AN ACT

relating to elimination of the authority of certain county school districts to impose ad valorem taxes and to a procedure under which those districts may be abolished.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. (a) This section only applies to a county school district in a county with a population of 2.2 million or more and that is adjacent to a county with a population of more than 600,000.

(b) On or after January 1, 2018, a county school district may not impose an ad valorem tax.

(c) An ad valorem tax formerly assessed by a county school district shall continue to be assessed by the county on behalf of the district solely for the purpose of paying the principal of and interest on any bonds issued by the district until all bonds are paid in full. This subsection applies only to a bond issued before the effective date of this Act for which the tax receipts were obligated. On payment of all bonds issued by the county school district, the ad valorem tax may not be assessed.

(d) In the manner provided by rule of the commissioner of education, the county shall collect any delinquent taxes imposed by or on behalf of the county school district and distribute the collected delinquent taxes that are not obligated to pay bonds to the component school districts in the county in proportionate

1 shares equal to the proportion that the membership in each district  
2 bears to total membership in the county as of May 1, 2017.

3 (e) A county school district shall be abolished in  
4 accordance with this section unless component school districts with  
5 75 percent or more of the student population for all school  
6 districts in the county elect each school year to participate in  
7 services offered by the county school district. Beginning at the  
8 end of the 2017-2018 school year, the commissioner of education  
9 shall determine at the end of each school year whether the county  
10 school district achieved the required participation level during  
11 that year. If the county school district failed to achieve that  
12 level, a dissolution committee shall be formed as provided by  
13 Subsection (f) of this section, and the county school district,  
14 board of county school trustees, and office of county school  
15 superintendent are abolished effective September 1 of the year  
16 following the year in which the dissolution committee is formed.

17 (f) As soon as practicable, a dissolution committee shall be  
18 formed for a county school district to be abolished as provided by  
19 Subsection (e) of this section. The dissolution committee is  
20 responsible for all financial decisions for the county school  
21 district to be abolished, including asset distribution and payment  
22 of all debt obligations.

23 (g) A dissolution committee required by Subsection (f) of  
24 this section shall be appointed by the comptroller and include:

25 (1) one financial advisor;

26 (2) one chief financial officer employed by a school  
27 district located in the same county as the county school district

1 for which the dissolution committee is formed; and

2 (3) one certified public accountant.

3 (h) The dissolution committee is subject to the open  
4 meetings requirements under Chapter 551, Government Code, and  
5 public information requirements under Chapter 552, Government  
6 Code.

7 (i) Members of the dissolution committee may not receive  
8 compensation but are entitled to reimbursement for actual and  
9 necessary expenses incurred in performing the functions of the  
10 dissolution committee.

11 (j) The dissolution committee shall determine the manner in  
12 which all assets, liabilities, contracts, and services of the  
13 county school district to be abolished are divided, transferred, or  
14 discontinued. The dissolution committee shall create a sinking  
15 fund to deposit all money received in the abolishment of the county  
16 school district for the payment of all debts of the county school  
17 district.

18 (k) The dissolution committee shall distribute the assets  
19 remaining after discharge of the liabilities of the county school  
20 district to the component school districts in the county in  
21 proportionate shares equal to the proportion that the membership in  
22 each district bears to total membership in the county as of May 1 of  
23 the year the county school district is abolished. The dissolution  
24 committee shall liquidate county school district assets as  
25 necessary to discharge county school district liabilities and  
26 facilitate the distribution of assets. A person authorized by the  
27 dissolution committee shall execute any documents necessary to

complete the transfer of assets, liabilities, or contracts.

(1) The dissolution committee shall encourage the component school districts to:

(1) continue sharing services previously received through the county school district; and

(2) give preference to private sector contractors to continue services previously provided by the county school district.

(m) The chief financial officer and financial advisor for the county school district shall provide assistance to the dissolution committee in abolishing the county school district.

(n) The Texas Education Agency shall provide assistance to a dissolution committee in the distribution of assets, liabilities, contracts, and services of a county school district abolished by this Act.

(o) Any dissolution committee created as provided by this Act is abolished on the date all debt obligations of the county school district are paid in full and all assets distributed to component school districts.

(p) For purposes of Subsection (g) of this section, "financial advisor" includes a person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker.

SECTION 2. Subchapter G, Chapter 11, Education Code, is amended by adding Section 11.305 to read as follows:

Sec. 11.305. COUNTYWIDE EQUALIZATION TAX PROHIBITED IN CERTAIN COUNTIES. Notwithstanding former Chapter 18, as that

1 chapter existed on May 1, 1995, a county school district in a county  
2 with a population of 2.2 million or more and that is adjacent to a  
3 county with a population of more than 600,000 may not levy, assess,  
4 or collect a countywide equalization tax.

5 SECTION 3. Section 45.002, Education Code, is amended to  
6 read as follows:

7 Sec. 45.002. MAINTENANCE TAXES. (a) Except as provided by  
8 Subsection (b), the [The] governing board of an independent school  
9 district, including the city council or commission that has  
10 jurisdiction over a municipally controlled independent school  
11 district, the governing board of a rural high school district, and  
12 the commissioners court of a county, on behalf of each common school  
13 district under its jurisdiction, may levy, assess, and collect  
14 annual ad valorem taxes for the further maintenance of public  
15 schools in the district, subject to Section 45.003.

16 (b) A county school district in a county with a population  
17 of 2.2 million or more and that is adjacent to a county with a  
18 population of more than 600,000 may not levy, assess, or collect  
19 annual ad valorem taxes for the maintenance of a public school.

20 SECTION 4. Section 11.305, Education Code, as added by this  
21 Act, and Section 45.002, Education Code, as amended by this Act,  
22 apply beginning with the 2018 tax year. Notwithstanding Section  
23 11.305, Education Code, as added by this Act, or Section 45.002,  
24 Education Code, as amended by this Act, a county school district may  
25 collect annual ad valorem taxes levied or assessed for the 2017 or  
26 an earlier tax year.

27 SECTION 5. This Act takes effect September 1, 2017.